

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2017-381-A - ORDER NO. 2018-370

JUNE 1, 2018

IN RE: Office of Regulatory Staff's Petition for an	)	ORDER GRANTING
Order Requiring Utilities to Report the	)	REHEARING AND
Impact of the Tax Cuts and Jobs Act	)	INTERIM SUSPENSION
	)	OF ORDER 2018-252

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition for Rehearing or Reconsideration of Order No. 2018-252 filed by LandTech, LLC and Lake Carolina Development, Inc. (“Petitioners”)

Commission Order No. 2018-252, from which Petitioners now seek relief, granted the request of Palmetto Utilities, Inc. and Palmetto Wastewater Reclamation, LLC (“Companies”) to include a tax multiplier provision to their approved rate schedule. Such multiplier will place the burden of taxes on Contribution in Aid of Construction (CIAC) on those who make CIAC and not on all customers of the utilities. The Federal Tax Cut and Jobs Act, H.R. 1, 115<sup>th</sup> Cong. § 13312(b) (2017), provides that CIAC will no longer be treated as contributions to capital (which is not taxable), but will instead be treated as ordinary income (which is taxable). This Order was granted with no objection from the Office of Regulatory Staff on April 4, 2018.

On April 24, 2018, Petitioners filed a Motion for Rehearing or Reconsideration. In its Motion, Petitioners argue that the Commission did not have before it the necessary information that would provide a complete picture of the effect of the Tax Act on the Companies’ financial positions, including all of the effects that the application of Section

13312(b) of the Tax Act will have on the operations of the Companies. Specifically, Petitioners argue that the tax effect of depreciation of CIAC property, the deductibility of interest expense, and the appropriateness for treatment to makers of CIAC were not considered in the request made by the Companies to the Commission, and subsequently, not considered in the Commission's Order No. 2018-252.

We agree that this matter warrants additional consideration and that rehearing is appropriate. We will suspend operation of Commission Order No. 2018-252, including implementation of its approved tax multiplier, until this Commission is able to conduct oral arguments and more fully consider the issues raised by Petitioners.

IT IS THEREFORE ORDERED THAT:

1. Commission Order No. 2018-252 shall be suspended on an interim basis, until this Commission is able to conduct oral arguments on the issues raised by Petitioners.
2. Companies operating including a tax multiplier under the authority of Commission Order No. 2018-252 shall cease its inclusion until such time as the Commission makes a final determination after rehearing of the issues raised by Petitioners.
3. Oral arguments be scheduled at such appropriate and reasonable time to hear the issues raised by Petitioners.

4. This Order shall remain in full force and effect until further order of the Commission.

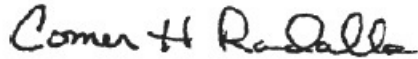
BY ORDER OF THE COMMISSION:



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Swain E. Whitfield, Chairman

ATTEST:



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Comer H. Randall, Vice Chairman